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**6 SEM TDC ECO M 3**

**2014**

( May )

**ECONOMICS**

( Major )

Course : 603

( International Economics )

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks  
for the questions*

1. Answer the following/Choose the correct answer :  $1 \times 8 = 8$

- (a) Who propounded the opportunity cost theory of international trade?
- (b) Name the Indian economist who contributed to the development of the concept of immiserising growth.
- (c) Give the meaning of current account surplus.
- (d) Mention any one fundamental cause of collapse of Bretton Woods system.

(e) Term of trade for a country is the ratio of its

- (i) trade volume to GDP
- (ii) export volume to GDP
- (iii) import volume to GDP
- (iv) value of exports to value of imports

(f) The optimum tariff is the tariff, which

- (i) maximizes country's foreign trade
- (ii) minimizes import
- (iii) maximizes country's welfare
- (iv) prohibits trade totally

(g) Which of the following is not a debit entry in the balance of payments account?

- (i) Import of goods
- (ii) Import of services
- (iii) Gift from foreigners
- (iv) Purchase of assets from foreigners

(h) A unit of SDR was originally valued in terms of

- (i) world market price of one ounce of gold
- (ii) gold value equivalent to one US dollar
- (iii) pound-sterling
- (iv) currency values of the leading countries

2. Write short notes on any *four* of the following : 4×4=16

- (a) Offer curve
- (b) Backwash effect
- (c) Inward and outward looking trade policies
- (d) Purchasing power parity theory
- (e) Gold standard
- (f) Trade barriers

3. (a) Discuss critically the comparative advantage theory of Ricardo. How is it an improvement over the absolute advantage theory? 8+3=11

*Or*

(b) State Heckscher-Ohlin theorem. Prove the validity of the statement of the theorem with appropriate illustration. 2+9=11

4. (a) Explain the concept of net barter terms of trade, gross barter terms of trade and income terms of trade. Discuss the factors that influence the terms of trade. 4+7=11

*Or*

(b) What is meant by gains from trade? What does determine the gains from trade? Critically examine the Prebisch-Singer thesis of secular deterioration of the terms of trade for the less developed countries. 2+2+7=11

( 4 )

5. (a) What is globalization? What are its features? How has globalization affected the developing countries? 2+2+8=12

Or

(b) Justify the necessity of international capital for economic development. Explain the factors that affect the international capital movement. 4+8=12

6. (a) Distinguish between spot and forward exchange rates. What are the advantages and disadvantages of flexible exchange rate system? 3+8=11

Or

(b) Distinguish between balance of payments and balance of trade. Explain the factors that cause disequilibrium in the balance of payments. 3+8=11

7. (a) When was WTO established? What are the major objectives of WTO? Explain the impact of WTO agreement on Indian agriculture. 1+4+6=11

Or

(b) What are the objectives of IMF? Explain the failures and achievements of IMF. 5+6=11

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